



Behind the Entrepreneurial Veil: State Aid and Elites in Uzbekistan

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BEHIND THE ENTREPRENEURIAL

ELITE

STATE AID AND ELITES IN UZBEKISTAN

THE CASE OF KOMIL ALLAMJONOV

PROFESSOR
KRISTIAN LASSLETT
& UZBEK FORUM
FOR HUMAN RIGHTS



POWER BRIEFS | CENTRAL ASIA

ABOUT THE SERIES

Drawing on the systematic methodologies behind investigative journalism, open source intelligence gathering, big-data, criminology, and political science, this series maps the transnational corporate, legal and governmental structures employed by organisations and figures in Central Asia to accumulate wealth, influence and political power. The findings will be analysed from a good governance, human rights, and democratic perspective, to draw out the big picture lessons.

Each instalment will feature a digestible analytical snapshot centring on a particular thematic, individual, or organisation, delivered in a format that is designed to be accessible to the public, useful to policy makers, and valuable to civil society.

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Kristian Lasslett is Professor of Criminology and Head of School (Applied Social and Policy Sciences) at Ulster University. He has pioneered investigative methods and data-modelling techniques for documenting the social networks, processes and transactions essential to the organisation of grand corruption and kleptocracy. These techniques have also been employed to detect red flags in high risk governance environments. Professor Lasslett’s findings have featured in a wide range of leading international scientific journals, two monographs, feature length documentaries and print-media exposés.

Uzbek Forum for Human Rights (formerly Uzbek-German Forum for Human Rights / UGF) is a Berlin-based NGO dedicated to protecting human rights and strengthening civil society in Uzbekistan. Uzbek Forum works with a network of independent human rights defenders inside Uzbekistan who conduct monitoring of human rights abuses including forced labour in the cotton and silk sectors. Uzbek Forum’s evidence-based reports are used to conduct advocacy and shape policy with the Government of Uzbekistan, the EU and the UN as well as raise awareness in the regional and international media. Uzbek Forum has been twice nominated for the Human Rights and Business Award for ‘important work deserving international recognition’.



CONTENTS

	EXECUTIVE SUMMARY	4
PART I	CREATING A LEVEL PLAYING FIELD IN UZBEKISTAN: STATE POWER, ECONOMIC DEVELOPMENT AND UNFAIR ADVANTAGE	6
PART II	DETERMINING BENEFICIAL OWNERSHIP IN UZBEKISTAN’S CORPORATE SYSTEM: BARRIERS TO TRANSPARENCY AND OPEN COMPETITION	10
PART III	SOLIQ INFO, BEM, EREPORT AND STATE AID	16
PART IV	AVTOTEST AND ARTIFICIAL MONOPOLIES	21
PART V	A CONTRACT WITHOUT TENDER AND NO INVESTOR RISK: GID SYSTEMS TASHKENT	23
PART VI	REPORT RECOMMENDATIONS	26

EXECUTIVE SUMMARY

The tenure of Uzbekistan’s President, Shavkat Mirziyoyev, has to date been marked by an ambitious reform agenda, typified by a commitment to creating a level and obstruction-free environment for business. This follows a turbulent period under President Islam Karimov (1991-2016) where a range of anti-competitive practices were used to support the business interests of senior regime figures, their family members, and clients. International organisations such as the European Bank for Reconstruction and Development, the International Labour Organization and the United Nations, have provided strong assurances that the reforms have succeeded in creating an optimal environment for business, that is sympathetic to entrepreneurship at home, and investment from abroad.

This report presents an in-depth investigative case study focusing on businesses founded, or substantively tied to Komil Allamjonov, a major national figure in Uzbekistan who has played a number of prominent roles in business, government and civic life. The case study provides evidence of ongoing state-corporate practices that appear detrimental to a level playing field for business, where the rights of consumers and citizens are protected.

Komil Allamjonov is a critical player in the Mirziyoyev government’s reform effort. As the President of Uzbekistan’s press secretary during 2017 and 2018, he had an influential role in an ambitious rebranding exercise undertaken by the government in order to rehabilitate Uzbekistan’s international image. In 2018 Allamjonov was then given responsibility for

overseeing the development of a vibrant and strong fourth estate, as head of Uzbekistan’s Agency for Press and Information, which in 2019 was reorganised as the Agency for Information and Mass Communications. Allamjonov stepped down from this post in January 2020. He has, nonetheless, continued this work as chairman of the Board of Trustees for the newly established civic body, the Public Foundation for Support and Development of National Mass Media. His deputy on the Board of Trustees is Saida Mirziyoyeva eldest daughter of the President of Uzbekistan. Prior to these high profile public and civic positions, Allamjonov served in a number of senior roles at the State Tax Committee from 2005 to 2013, while at the same time launching start-up tech and media companies focused on tax and accounting products.

Investigations into these businesses founded by Allamjonov reveal that they have been in receipt of considerable privileged treatment by the state, which is arguably anti-competitive in character. Evidence collected for this report indicates that the start-up companies Soliq Info (tax specialist newspaper), and BEM (accounting software) founded by Allamjonov, benefited when state tax inspectors coerced businesses into purchasing subscriptions. Allamjonov did not respond to repeated requests for comment. It cannot, therefore, be verified in this report whether Allamjonov, or any company managers were aware of, or condoned these coercive practices used by tax inspectors. Additionally, state sales and marketing support was provided to Soliq Info, BEM, and Ereport Service, through promotional joint-events,

state testimonials, and privileged access to government officials/ infrastructure. In the case of Ereport Service, government agencies were tasked with securing ‘voluntary’ sales contracts with consumers on behalf of this tech start-up company founded by Allamjonov. The majority of this beneficial treatment took place during a period when Allamjonov served as a senior official with the State Tax Committee, although the latter state directive took place after Allamjonov left his government posting.

The evidence collected indicates that commercial advantages have also been given by the Mirziyoyev government to businesses either founded by Allamjonov, or which are tied to him in a substantive way. For example, a driver training business founded by Komil Allamjonov, Avtotest Report, was given a commercial monopoly by government decree over advanced driver training. This was subsequently removed following public outcry over what was widely viewed as anti-competitive provisions. Later in 2020, *Radio Ozodlik* exposed a Cabinet of Ministers decree, which has not been released to the public through the national legal database lex.uz. It awards to GID Systems Tashkent LLC, without tender, a highly beneficial project upgrading cadastral passports for real property in Uzbekistan using smartcard technology. In the decree, the investor is in effect indemnified against loss by the government of Uzbekistan. Evidence collected for this

report indicates Komil Allamjonov has substantive ties to the GID group, which is owned by an opaque offshore holding entity incorporated in a UAE free economic zone.

Komil Allamjonov initially agreed to provide a response to a set of questions submitted by the authors, on condition that a draft of the report was sent for his inspection. A draft copy of the report was provided to Allamjonov, along with questions relating to his business interests. Several follow up email and social media communications were made in an effort to secure comment. No subsequent response was received by Komil Allamjonov. A freedom of information request was submitted to the government of Uzbekistan. It related to some of the privileges awarded to businesses founded by Allamjonov. The State Tax Committee informed the authors that these records have been destroyed. This appears to be in violation of record retention requirements set out in the law *On Archival Matters*. The Ministry of Internal Affairs did not respond to a request for information.

As a result of this report’s findings, and other case studies presented in the Power Brief series, alongside third party publications, it is concluded that opaque, anti-competitive practices authored by the state in Uzbekistan, continue to inhibit the development of a level playing field for business. These practices it is argued will deter domestic entrepreneurship and

foreign direct investment, while also impairing consumer and business rights. Tangible public policy steps are recommended, including a register of financial interests for government officials; a public corporate register inclusive of current and historical information pertaining to shareholders, directors, beneficial owners, persons with significant control, annual reports, audit reports and balance sheets; the ending of closed, anti-competitive practices; the provision of state support on an open, transparent and competitive basis; effective enforcement of conflict of interest regulations; enhanced due diligence for senior public appointments; and further capacity building to ensure state compliance with freedom of information, and record retention laws.

PART I

CREATING A LEVEL PLAYING FIELD IN UZBEKISTAN: STATE POWER, ECONOMIC DEVELOPMENT AND UNFAIR ADVANTAGE

During the late Karimov era (2005–2016), state organs in Uzbekistan were increasingly viewed as partial instruments used by senior regime figures to curate their own private interests, and the interests of family members and closely aligned business clients.¹ In order to obtain valuable political concessions (such as operating licenses, or the right to convert currency at official rates), and to avoid arbitrary harassment from regulatory authorities, historical records and investor testimonies, indicate political favour was essential. In the most extreme examples from this period, successful business people lacking political protection, were tortured, imprisoned and further extorted, with their businesses expropriated by corrupted courts, and handed over to regime figures or regime linked figures.² This caused immeasurable harm to investor confidence and the government of Uzbekistan's international reputation.

This type of activity also impairs essential market signals and forces. In order for markets to operate effectively, it is critical that there is a level playing field where businesses are able to compete in a fair, open, and transparent manner. Where political power is employed in a partial manner to give particular businesses an advantage, for example through discounted access to capital, expedited approval of coveted licenses, special legal rights, or dispensation from certain social obligations such as taxation, it disrupts market mechanisms and forces that are critical to driving innovation, and growth. It also deters responsible foreign investors, who are unwilling to risk capital in an environment where the dice are seen to be loaded.

In order to confront the significant stigma engendered by these past state practices, the government of President Shavkat Mirziyoyev has invested significant monetary and political capital in a rebranding exercise.³ For this rebranding effort to succeed it is critical that it is more than just a technical process.⁴ It depends on the initiation of public and corporate governance structures that stimulate a level playing field in Uzbekistan that is transparent and human rights compliant, where businesses clearly succeed on the basis of their products, abilities and foresight, rather than preferential treatment from the state, and where consumer rights to freely choose from a diverse range of competitive service providers is assured.

Public policy attention has primarily been focused on the technical elements of

this exercise, such as policy change, legal reforms, and institutional restructuring designed to grow the private sector, open up capital markets, and remove barriers for business. Influential international institutions such as the European Bank for Reconstruction and Development, the International Labour Organization and the United Nations, have provided strong assurances to the private sector on the integrity of the playing field brought about by these technical reforms.⁵ While these advances deserve recognition, there nonetheless has been to date a lack of substantive evidence-based inquiry to determine whether the benefits of these liberalising measures are being skewed, as in the past, towards particular business groupings in receipt of preferential state treatment.

¹ Lasslett, K., Kanji, F., and McGill, D. "A dance with the cobra": Confronting grand corruption in Uzbekistan', International State Crime Initiative, 2017, available online: <https://d1fz6q6taiufku.cloudfront.net/uploads/2020/04/Full-Report-with-Executive-Summary.pdf> (accessed 24 July 2020); Lewis, D.G. 'Tackling corruption in Uzbekistan: A white paper', Open Society Eurasia Program, June 2016, available online: <https://www.opensocietyfoundations.org/uploads/ff271daf-1f43-449d-a6a2-d95031e1247a/tackling-corruption-uzbekistan-20160524.pdf> (accessed 24 July 2020)

² This issue will be documented in a future issue of the Power Briefs series.

³ Matyakubova, D. 'Who is "Tashkent City" for? Nation-branding and public dialogue in Uzbekistan', *Central Asia Program Paper* 205, June 2018, available online: <https://centralasiaprogram.org/wp-content/uploads/2018/06/Matyakubova-CAP-Fellows-Paper-June-2018.pdf> (accessed 18 August 2019)

⁴ Matyakubova, D. 'The perils of rebuilding Uzbekistan: The rise of glass and glitter', *The Foreign Policy Centre*, 14 July 2020, available online: <https://fpc.org.uk/the-perils-of-rebuilding-uzbekistan-the-rise-of-glass-and-glitter/> (accessed 15 July 2020)

⁵ Astrup, J. Twitter Post. November 9, 2017. <https://twitter.com/AstrupILO/status/928621566010757123>; Igoo, M. and Fraser, H. 'Q&A: Uzbekistan has "thirst for ideas, knowledge, technical expertise." says UNDP official', *Devex*, 16 May 2018, available online: <https://www.devex.com/news/q-a-uzbekistan-has-thirst-for-ideas-knowledge-technical-expertise-says-undp-official-92760> (accessed 15 July 2020); Rigterink, J. 'Reforming Uzbekistan: challenges and opportunities', *German-Uzbek Business Forum*, 14 January 2019, available online: <https://www.ebrd.com/news/speeches/reforming-uzbekistan-challenges-and-opportunities.html> (accessed 15 July 2020);

This UzInvestigations' study into businesses founded by, or substantively connected to Komil Allamjonov - a critical figure in the Mirziyoyev government's national rebranding exercise - indicates why caution is still required. In 2017 Allamjonov was made Press Secretary to the President of Uzbekistan, and then Deputy Head of the Presidential Administration. He came into the post a young, successful tech and news entrepreneur, who in under a decade had established a number of companies dedicated to servicing the accounting and tax professions, while also assuming a number of senior roles at the State Tax Committee. Allamjonov branched out later into media founding national broadcaster, Milliy TV.

In 2018, Allamjonov was appointed Director General of the Uzbekistan Agency for Press and Information, which was subsequently reorganised as the Agency for Information and Mass Communications. During 2019, the President of Uzbekistan's eldest daughter, Saida Mirziyoyeva, was appointed Deputy Director at the Agency for Information and Mass Communications . Under the leadership of Allamjonov and Mirziyoyeva the agency framed itself at home, and abroad, as an institution strongly committed to the growth of a resilient fourth estate in Uzbekistan, made up of both traditional and new media, where journalistic freedoms are protected.

In January 2020, both Allamjonov and Mirziyoyeva left the Agency for Information and Mass Communications. Shortly after their departure it was announced that Allamjonov

has been elected Chairman of the Board of Trustees for the newly established Public Fund for Support and Development of National Media. Mirziyoyeva, had been made Deputy Chairperson. The public fund frames itself as a grant-making, capacity building, and advocacy NGO working at arms-length from government, to further develop the fourth estate in Uzbekistan, through: the promotion of media freedom, transparency, and journalistic integrity; supporting a fair playing field in the media market; and, through supporting the work and rights of journalists and bloggers. Foreign Agents Registration Act filings in the United States indicate the public fund has significant capital reserves which it is using to promote the Mirziyoyev government's human rights record abroad, with direct support from senior Uzbek government officials.

While Allamjonov's public and civic career has recently been typified by the promotion of transparency, freedom, integrity, and a fair market playing field, close examination of the businesses founded by Allamjonov, focusing on the period from 2008 to 2020, reveals evidence that they have benefited from preferential treatment provided by the state.

For example, whilst serving as Head of Press Service (2005-2009), and then Head of Information Services (2009-2013) at the State Tax Committee, Allamjonov founded a number of high profile businesses, including Soliq Info (a tax specialist newspaper),

BEM accounting software, the Ereport tax platform and later the Avtotest driver training software.⁶ The case study presented in this report features evidence, presented in section III, which indicates that Soliq Info, BEM and Ereport all benefited from the provision of significant marketing and sales support from Allamjonov's then employer the State Tax Committee, in addition to other government agencies. Compounding matters, serious allegations made by members of the accountancy profession are documented. They claim accountants and tax professionals were coerced by tax inspectors into purchasing Soliq Info and BEM subscriptions. While it cannot be inferred that Mr Allamjonov or his managers were aware of the state coercion being actioned for Soliq Info and BEM's benefit, the evidence collected indicates that the latter businesses derived new revenue streams as a result of this abuse of state power.

The formal role of the state expanded with Avtotest. A series of decrees were passed, granting the driver training business certain exclusive rights, and a guaranteed market. These decrees were signed by the current President and Prime Minister, the critical resolution is dated September 2017. By this time Allamjonov had left his post at the State Tax Committee. However, in December 2017 Allamjonov was appointed Press Secretary to the President of Uzbekistan, prompting serious public concern over the exclusive deal given to Avtotest just a few months earlier. This matter is examined in part IV of the report.

Shortly after Allamjonov's departure from the Agency for Information and Mass Communications in January 2020, to assume the Chairmanship at the Public Fund for Support and Development of National Media, a Cabinet of Ministers decree was issued for a major public project that will convert the paper based cadastral passport system for real property to plastic smartcards. The project was awarded to the company, GID Systems Tashkent, without tender. The related Cabinet of Ministers' decree was not published on the government legal database, lex.uz. *Radio Ozodlik* was able to obtain a copy of the decree and put a public spotlight on its provisions. It was unable, however, to identify the beneficial owner(s) of GID Systems Tashkent. GID shares are held through an opaque offshore company incorporated in the UAE. This report in Part V provides new evidence which substantively ties Komil Allamjonov to the GID group of companies in Uzbekistan.

As a result of these findings, alongside other documented cases, it is concluded in Part VI that evidence is emerging which suggests the benefits being generated by the Mirziyoyev government's liberalisation agenda risks being skewed towards certain individuals and corporate actors, owing to preferential state treatment. Questions are also raised in the conclusion over whether a substantive programme of reforms can be led by regime figures who have founded businesses which appear to have systematically benefited from preferential treatment, and arguably, anti-competitive practices. The final section of this report considers the reform priorities these risks prompt.

Data for the report was collected by Professor Lasslett and the Uzbek Forum for Human Rights using a range of methods, including the collation and triangulation of company filings, meeting minutes, patent information, laws, and decrees, from government databases; the gathering of open source intelligence using advanced search techniques; the application of transaction and network mapping software to maximise the analytical yield from collated data; while a local investigative journalist conducted two formal interviews with accountants in order to further triangulate allegations uncovered in the documentary data, and obtain comment from industry professionals.

On 28 August 2019, a series of questions based on the findings were sent to Komil Allamjonov for comment. Allamjonov agreed to provide comment once access to the draft report had been provided. The draft report was sent to Allamjonov on 24 September 2019. A follow up email was sent on 2 October 2019. Allamjonov did not respond to either email. Further questions were sent to Allamjonov relating to GID Systems Tashkent on 11 July 2020, through email and Facebook, mediums where Lasslett and Allamjonov previously communicated. No response was received.

A freedom of information request was submitted to the government of Uzbekistan, for copies of several proposals cited in official documentation delivering benefits to businesses founded by Allamjonov. The government did not provide access to the requested information. According to the State Tax Committee the relevant records under their charge have been destroyed.

⁶ 'Uzbekistan forever: How to create a business without a start-up investment?', *Forbes*, 20 June 2014, available online: https://webcache.googleusercontent.com/search?q=cache:wM2L_y9s5zcJ:https://news.rambler.ru/world/25635230-uzbekistan-forever-kak-sozdat-biznes-bez-startovogo-kapitalovlozheniya/amp/+&cd=1&hl=en&ct=clnk&gl=uk (accessed 15 August 2019).

PART II

DETERMINING BENEFICIAL OWNERSHIP IN UZBEKISTAN'S CORPORATE SYSTEM: BARRIERS TO TRANSPARENCY AND OPEN COMPETITION

When conducting investigations into business groups in Uzbekistan, substantive informational barriers can be encountered. While a growing share of economic activity in Uzbekistan is conducted through limited liability companies, only basic forms of corporate transparency are required.⁷ The state administers a public business register which contains company extracts for entities incorporated in Uzbekistan. It is a contemporaneous extract (i.e. there is no historical information), which lists the current shareholders and the name of an executive manager, alongside information on the company's date of incorporation, registered addresses, phone number, email address, and statutory funds. No public record is available on share transfers, appointment of directors, annual reports, balance sheets, audit reports, and other key filings. Nor is there any requirement to publicly list beneficial owners, or persons with significant control over an incorporated entity, which is increasingly regarded internationally as an essential reporting measure for combatting money laundering, tax evasion, corruption and terrorism.⁸ The use of nominee shareholders,⁹ and opaque offshore holding structures, is common practice in Uzbekistan at elite levels, especially for politically exposed persons (PEPs) and high profile business people.

As a result of limited corporate transparency, it is difficult to scrutinise the financial position, ownership structure, or management, of entities incorporated in Uzbekistan. However, in the case of Komil Allamjonov he has made certain admissions on the public record to *Forbes* about his private business interests, which allows assumptions to be made beyond what is recorded in the national register of legal entities. In particular, he claims to be the founder of the companies Soliq Info, BEM Systems, Ereport Service, and Avtotest Report, in addition to the news portal Uz24.¹⁰ These businesses are widely attributed to Allamjonov in news reporting, an attribution that does not appear to have been publicly contested by Allamjonov or his office.¹¹ Allamjonov is also reported to be the founder of Milliy TV, a national television broadcaster.¹²

⁷ *Law on Limited and Additional Liability Companies*, Law of the Republic of Uzbekistan, No.310-II, 6 December 2001, available online: <https://lex.uz/ru/docs/4607985> (accessed 12 August 2019)

⁸ Financial Action Task Force, 'Best practices on beneficial ownership for legal persons', October 2019, available online: <https://www.fatf-gafi.org/media/fatf/documents/Best-Practices-Beneficial-Ownership-Legal-Persons.pdf> (accessed 15 July 2020); Harari, M., Knobel, A., Meinzer, M., and Palansky, M. 'Ownership registration of different types of legal structures from an international comparative perspective. State of play of beneficial ownership - Update 2020', *Tax Justice Network*, 1 June 2020, available online: <https://www.taxjustice.net/wp-content/uploads/2020/06/State-of-play-of-beneficial-ownership-Update-2020-Tax-Justice-Network.pdf> (accessed 15 July 2020)

⁹ Nominee shareholders legally possess the shares, but do so on behalf of a third party. These arrangements allows PEPs to avoid public exposure.

¹⁰ 'Uzbekistan forever: how to create a business without a start-up investment?', *Forbes*, 20 June 2014, available online: <https://web.archive.org/web/20170202005843/https://news.rambler.ru/world/25635230-uzbekistan-forever-kak-sozdat-biznes-bez-startovogo-kapitalovlozheniya/> (accessed 15 August 2019); 'Avtotest: Viva la evolucion!', *The Voice of Tashkent*, 19 September 2015, available online: vot.uz/article/2015/09/19/chitay-eto-golosom-dj-pilgrima (accessed 16 August 2019)

¹¹ 'Press Secretary of the President appointed', *Gazeta*, 4 December 2017, available online: <https://www.gazeta.uz/uz/2017/12/04/prezident/> (accessed 4 September 2019); 'Komil Allamjonov appointed acting chief of press agency', *The Tashkent Times*, 29 November 2018, available online: <https://tashkenttimes.uz/national/3233-komil-allamjonov-appointed-acting-chief-of-press-agency> (accessed 4 September 2019)

¹² Solod, D. 'Why Uzbekistan's journalists still yearn for change', *OpenDemocracy*, 23 May 2020, <https://www.opendemocracy.net/en/odr/uzbekistan-journalists->

Table 1: Businesses which Komil Allamjonov claims to have founded, company extract checked on 16 August 2019,¹⁴ patents checked on 21 June 2020.¹⁵

Company	Date of Incorporation	Shareholder(s)	Patented Software Author
Soliq Info Tahririyati	9 September 2009	Allamjonova Yelena Kamalovna	Allamjonov Komil Ismoilovich
Soliq Info Centre	5 August 2008	X Sultanova	n/a
Ereport Service	21 August 2012	Sultanova Khurshida Ismailovna	Allamjonov Komil Ismoilovich
BEM Systems	26 November 2009	Soliq Info Centre; Soliq Info Tahririyati	Sultanova Khurshida Ismailovna ¹³
Avtotest Report	8 August 2012	Alimbabayev Bobir Baxodirovich	Allamjonov Komil Ismoilovich; Sultanova Khurshida Ismailovna
Pomidor Entertainment	30 July 2014	Alimbabayev Bobir Baxodirovich	

However, at the time this report was initially drafted in August 2019 Allamjonov did not appear on the share register for any of the aforementioned concerns, as Table 1 demonstrates. Because a number of these firms are tech based businesses, subsequent checks were conducted using Uzbekistan’s Intellectual Property Agency patent register. Eighteen registered patents were located where Allamjonov is identified as the author. The results are included in Table 1.

A few other details are noteworthy in Table 1.

First, Soliq Info Tahririyati shares are held by Yelena Allamjonova. Through this company she also part owns BEM Systems, with X Sultanova. A Wikipedia profile for Komil Allamjonov states that Elena Allamjonova is his spouse.¹⁶ Mr Allamjonov did not respond to correspondence requesting confirmation of this fact. The Wikipedia profile for Komil Allamjonov was subsequently edited by a user Yuyuh on 30 July 2020, removing spousal information from Allamjonov’s profile.¹⁷

The second issue of note, is that an individual by the name of Bobur Alimbabayev has a social media account on Facebook, where he lists his employer as Soliq Info.¹⁸

Finally, Soliq Info, Ereport Service, and Avtotest are businesses which Allamjonov states to have founded. He did not appear on the share registers when checked on 16 August 2019. Nevertheless, Intellectual Property Agency filings attribute authorship of patented technology registered by these businesses to Komil Allamjonov.

¹³ Allamjonov is the author of software registered by a separate company, BEM Training Centre.

¹⁴ Soliq Info Tahririyati LLC, Company Extract, Reg No.003542-09, Unified Portal of Interactive Public Services, accessed 16 August 2019; Soliq Info Centre LLC, Company Extract, Reg No.2775-09, Unified Portal of Interactive Public Services, accessed 16 August 2019; Ereport Service LLC, Company Extract, Reg No.18563, Unified Portal of Interactive Public Services, accessed 16 August 2019; BEM Systems LLC, Company Extract, Reg No.3763-09, Unified Portal of Interactive Public Services, accessed 16 August 2019; Avtotest Report LLC, Company Extract, Reg No.005983-03, Unified Portal of Interactive Public Services, accessed 16 August 2019; Pomidor Entertainment LLC, Company Extract, Reg No.9191-04, Unified Portal of Interactive Public Services, accessed 16 August 2019.

¹⁵ See patent numbers 02649, 02723, 02798, 02799, 02800, 02801, 02802, 02803, 02806, 02857, 04488, 05253, 05228, 05236, 05237, 05229, 05376, and 05543, available online through the Intellectual Property Agency patent register, <http://baza.ima.uz/>

¹⁶ 'Komil Allamjonov', Wikipedia, available online: https://en.wikipedia.org/wiki/Komil_Allamjonov (accessed 14 August 2019)

¹⁷ See Wikipedia page edit data here https://en.wikipedia.org/w/index.php?title=Komil_Allamjonov&type=revision&diff=970278365&oldid=929482916

¹⁸ 'Bobur Alimbabayev', Facebook Profile, available online: [facebook.com/Бобур-Алимбабаев/100008248812294](https://www.facebook.com/Бобур-Алимбабаев/100008248812294) (accessed 16 August 2019)

Diagram 1: A digraph of companies founded by Allamjonov based off corporate data collated in August 2019, supplemented by patent registry data.



Further relevant details can be observed in Diagram 1. For example, Avtotest Report, Ereport Services, and Pomidor Entertainment share a registered telephone number, while Pomidor Entertainment and Ereport Services also share a registered street address, indicating again they may be part of a unified business structure.

Turning to Table 2, which lists Komil Allamjonov’s public and civic positions since 2005, it is apparent that there is an overlap between his public roles and business life. Several key businesses, for example, were established and developed while he served in a senior public capacity at the State Tax Committee.

Table 2: Komil Allamjonov’s public and civic positions 2005-2020 ¹⁹	
Komil Allamjonov’s Public and Civic Positions	
Head of Press Service, State Tax Committee	2005-2009
Head of the Information Service, State Tax Committee	2009-2013
Press Secretary, President of Uzbekistan	1/12/2017-3/10/2018
Acting Director General, Agency for Press and Information	28/11/2018-2/2/2019
Acting Director, Agency for Information and Mass Communications	3/2/2019-29/1/2020
Chairman, Board of Trustees, Public Fund for Support and Development of National Media.	Current

In Allamjonov’s most recent public role as acting Director of the Agency for Information and Mass Communications his responsibilities included protecting rights to freedom of speech and information, protecting the rights of journalists, developing the mass media, opening up the civil service through transparency measures, promoting the government’s image abroad and counteracting ‘threats’ in the information sphere.²⁰ In April 2019 the President’s eldest daughter Saida Mirziyoyeva was made a deputy director in the Agency.

Both Allamjonov and Mirziyoyeva left the agency on 29 January 2020, and were elected Chairman and Deputy Chair, respectively, for the NGO, Public Fund for Support and Development of National Mass Media. Its Director is Alexandra Kolesnichenko, who previously served as departmental head at the Agency for Information and Mass Communications.²¹ The Public Fund’s mission is to ‘promote a level playing field in the media landscape and to defend the rights of media outlets and individual journalists and bloggers and provide comprehensive support for them’.²² Allamjonov claims the body will be funded through foreign grants and local philanthropists. He has assured the public that business people will not be forced to contribute.²³

¹⁹ ‘Komil Allamjonov’, Public Foundation for Support and Development of National Mass Media, available online, <https://www.massmedia.uz/en/pages/management> (accessed 30 July 2020)

²⁰ Agency of Information and Mass Communications under the Administration of the President of the Republic of Uzbekistan, ‘Provisions of the Agency of Information and Mass Communications under the Administration of the President of the Republic of Uzbekistan’, no date, available online: <https://aoka.uz/en/agency/provisions> (accessed 17 July 2020)

²¹ ‘Alexandra Kolesnichenko appointed Director of the Public Fund for Support and Development of National Mass Media’, *Kun.uz*, 14 July 2020, available online: <https://kun.uz/en/news/2020/07/14/former-tennis-player-chairs-public-fund-for-support-and-development-of-national-mass-media> (accessed 17 July 2020)

²² ‘Allamjonov and Mirziyoyeva to head Uzbek media fund’s board of trustees’, *Fergana News*, 2 February 2020, available online: <https://en.fergana.news/news/114721/> (accessed 26 April 2020)

²³ ‘Komil Allamjonov clarifies financing sources of the new Fund’, *Kun.uz*, 3 February 2020, available online: <https://kun.uz/en/news/2020/02/03/komil-allamjonov-clarifies-financing-sources-of-the-new-fund> (accessed 26 April 2020)

Documentation relating to the Public Fund’s foreign activities in the United States indicate it works in close collaboration with senior Uzbek state officials in an effort to support the Mirziyoyev government’s propaganda objectives abroad. For example, shortly after the appointment of Allamjonov and Mirziyoyeva in 2020, the Public Fund placed a Washington DC public relations firm, Bridgeway Advocacy LLC, on a US\$30,000 per month retainer. According to Foreign Agents Registration Act filings, Bridgeway Advocacy ‘will seek to improve knowledge among U.S. policymakers and the U.S. private sector of the advancements being made’ in Uzbekistan with respect to ‘freedom of speech, press and journalist freedom, and gender equality’.²⁴ The filings state Bridge Advocacy will organise ‘meetings

and briefings with government officials and briefings with U.S. and international media outlets and visits to the U.S. by public and private sector officials from Uzbekistan’. As part of this contracted work, Bridgeway Advocacy notes that it will liaise with Republic of Uzbekistan embassy officials in the U.S., and the Director of Uzbekistan’s Capital Markets Development Agency. Filed lobbying materials applaud the Mirziyoyev government’s record on human rights, civil society, and media freedom.

Attention will now turn to Soliq Info, BEM and Ereport, businesses founded by Komil Allamjonov, which began producing accountancy/tax goods and services at a time when he was a senior operative working for the State Tax Committee.

Postscript
The first draft of this report was completed and submitted to Komil Allamjonov for comment on 24 September 2019, at Allamjonov’s request. Since the first draft was provided to Allamjonov he has concluded his role at the Agency for Information and Mass Communications, in order to take up the Public Fund for Support and Development of National Mass Media Chairmanship. Company extracts were re-checked on 26 April 2020 to verify any changes in share ownership arrangements, see Table 3 where the changes are highlighted.

Table 3: Companies which Komil Allamjonov claims to have founded, company extract checked on 16 August 2019 and 26 April 2020.				
Company	Date of Incorporation	Shareholder(s) August 2019	Shareholder(s) April 2020	Patented Software Author
Soliq Info Tahririyati	9 September 2009	Allamjonova Yelena Kamalonva	Zokirov Javlon Qobiljon o'g'li	Allamjonov Komil Ismoilovich
Soliq Info Centre	5 August 2008	X Sultanova	X Sultanova	n/a
Ereport Service	21 August 2012	Sultanova Khurshida Ismailovna	Sultanova Khurshida Ismailovna	Allamjonov Komil Ismoilovich
BEM Systems	26 November 2009	Soliq Info Centre; Soliq Info Tahririyati	Soliq Info Centre; Soliq Info Tahririyati	Khurshida Ismailovna Sultanova
Avtotest Report	8 August 2012	Alimbabayev Bobir Baxodirovich	Alimbabayev Bobir Baxodirovich	Allamjonov Komil Ismoilovich, Sultanova Khurshida Ismailovna
Pomidor Entertainment (renamed Milliy Telekanal)	30 July 2014	Alimbabayev Bobir Baxodirovich	Allamjonov Komil Ismoilovich	

²⁴ Exhibit A to Registration Statement, Pursuant to the Foreign Agents Registration Act of 1938, 13 March 2020, available online: <https://efile.fara.gov/docs/6799-Exhibit-AB-20200313-1.pdf> (accessed 12 July 2020)

PART III

SOLIQ INFO, BEM, EXPORT & STATE AID

The first two businesses Komil Allamjonov acknowledges founding is Soliq Info, a tax specialist newspaper, and BEM Systems, a producer of automated accountancy software. The legal entities used for these projects were incorporated in 2008²⁵ and 2009²⁶ respectively. Allamjonov was the State Tax Committee's Head of Press Service and then of Information Service during this period. Both businesses appear to have obtained competitive advantages from the privileged access and marketing support they enjoyed from Allamjonov's public employer, the State Tax Committee.

At an arguably more benign level, the State Tax Committee co-convened seminars in partnership with Soliq Info, where invited participants would enjoy direct access to senior tax officials. At these seminars, BEM products and Soliq Info were directly marketed to participants.

The impact of these sales pitches on the audience needs to be put in context. At the time, the State Tax Committee was one of the most powerful organs in the Karimov regime's authoritarian apparatus. Reports suggest business people and accountants alike suffered at the hands of tax inspectors who used their authority to extort bribes, and other benefits.²⁷ Senior state officials also leveraged real or contrived tax violations, to execute expropriation and extortion rackets.²⁸ This occurred with near impunity. Additionally, State Tax Committee members are alleged to have personally banked a part of the tax dividend owed to the state (and Uzbek public).²⁹

There is no evidence Komil Allamjonov personally participated in these corrupt practices. Nevertheless, as the State Tax Committee's press spokesperson he should have been acutely aware of the committee's public reputation.

Set against this political backdrop, it would appear reasonable to conclude that any recommendation at an event hosted by the State Tax Committee held significant weight.

²⁵ Soliq Info Centre, Company Extract, Reg No 2775-09, Unified Portal of Interactive Public Services, accessed 12 February 2019.

²⁶ BEM Systems, Company Extract, Reg No 3763-09, Unified Portal of Interactive Public Services, accessed 12 February 2019.

²⁷ 'Uzbekistan: Officials admit to graft problem in talks with entrepreneurs', *Eurasianet*, 31 October 2016, available online: <https://eurasianet.org/uzbekistan-officials-admit-graft-problem-talks-entrepreneurs> (accessed 4 September 2019); Ezhkov, S. 'About persons, taxes and arithmetic operations', *UzMetronom*, 31 October 2016, available online: www.uzmetronom.com/2016/10/31/o_personakh_nalogakh_i_arifmeticheskikh_dejstvijakh.html (accessed 4 September 2019); Iskandar, S. 'GNK and the legalisation of provocations', *UzMetronom*, 28 January 2013, available online: www.uzmetronom.com/2013/01/28/gnk_i_legalizacija_provokacii.html (accessed 4 September 2019)

²⁸ Memorandum and order, *Interspan Distribution Corp., v. Liberty Insurance Underwriters, Inc.*, US District Court for the Southern District of Texas, Houston Division, Civil Action No. H-07-1078, 21 August 2009; Patrucic, M. 'How the President's daughter controlled the telecom industry', *Organized Crime and Corruption Reporting Project*, available online: <https://www.occrp.org/en/corruptistan/uzbekistan/gulnarakarimova/presidents-daughter-controlled-telecom-industry> (accessed 4 September 2019); Roz Trading Ltd., v. *The Coca-Cola Export Corporation, Republic of Uzbekistan, Oziqovqatsanoat and Zeromax Group, Inc.* in the International Arbitral Centre of the Austrian Federal Economic Chamber, 6 June 2006.

²⁹ 'Usman Khaknazarov: Turkish truth for Rustam Azimov', *Ozodagen*, 14 March 2017: available online: <https://catoday.org/centrasia/usman-haknazarov-tureckaya-pravda-dlya-rustama-azimova> (accessed 4 September 2019)

WHO IS WEAK PAYS!

ANON ACCOUNTANT (2013)

Numerous news reports can be found online from the 2011-2013 period, which describe how BEM and Soliq Info were marketed at these events convened with the State Tax Committee. *Uz Daily* observes that the 'State Tax Committee of Uzbekistan, in cooperation with Soliq Info newspaper, held a seminar for heads and accountants of enterprises and organizations, "Automatization of Accounting and Electronic Reporting", on 17 December 2013'. It continues: 'At the event, the participants received detailed information about such software as BEM and Soliq Info'.³⁰

In a similar tone, *E-News Uz* reports: 'On September 24, 2013, the State Tax Committee of the Republic of Uzbekistan, together with the editorial office of the newspaper Soliq Info, held a seminar on the topic: "Current issues on personal income tax, single social payment and insurance contributions of citizens"'. It goes on to state:

'Particular attention is paid to the automation of accountants' labour. For these purposes, several years ago, the BEM program (Accounting electron madad) was developed, which made it possible to significantly reduce the financial and time costs of accountants and make tax calculations in full compliance with national standards. A new version of the program was presented at the seminar, taking into account changes in the legislation regarding the calculation of personal income tax, single social payment and other types of deductions'.³¹

There were some compelling reasons to purchase a Soliq Info newspaper subscription. It was designated in law the official publication for key financial announcements on bankruptcy. The paper's editorial team also enjoyed, rightly or wrongly, excellent access to senior tax and finance officials. However, for many industry professionals they could acquire the modest inputs of information they needed from freely available sources such as Norma and Lex, without the added expense of a subscription.

Views on BEM were more mixed. Reviews online and offline, complained it was buggy, and unreliable. Some accountants stated they preferred the rival 1C program.

The use of ostensibly impartial government taxation organs, to market products and services being sold privately by companies founded by a senior tax committee official, would appear an improper use of public power. It cannot be inferred that Allamjonov, or corporate management at BEM or Soliq Info are responsible for this improper application of public power. However, the companies did appear to receive notable benefits as a result, which were arguably anti-competitive in nature. Amplifying the concerns this raises are allegations that tax officials coerced customers into buying Soliq Info and BEM products.

For example, on 9 May 2013 an industry professional wrote on the Forum of Accountants and Businessman of Uzbekistan bulletin board: 'Good day! We have a state of emergency, yesterday the taxman brought and left a contract and an invoice from LLC "SOLIQ INFO SYSTEMS" for the delivery of the electronic newspaper Soliq Info, along with the program for sending electronic reporting. All this is at 249,000 soums, and [he] said to sign and pay'.³²

Colleagues responded to this post with their own stories of coercion. One accountant wrote: 'Today I was in the State Tax Inspectorate (STI) of the Chilanzar region for the balance recalculation. Of course, as others, I was asked if we bought the Soliq Info's electronic version with a disk. Of course, I said that we already have it, although we don't need it. But the tax inspector obviously didn't believe it. Half an hour after returning from the STI, they

(the STI) are calling and saying that we reportedly have an overdue receivable, although we don't and they ask us to come to the STI, as they say, "with things"'.³³

In order to verify these allegations a local journalist in Uzbekistan reached out to accountants and industry professions during 2019 who verified these claims, two were prepared to participate in formal interviews (even anonymous interviews relating to the business interests of senior regime figures, is seen as high risk by participants). One accountant with over 15 years experience claims: 'The tax office told us to buy BEM and we could not refuse. The tax inspector reminded us to buy it a thousand times ... most accountants are used to working with the 1C program. Most are now working with 1C. They were forced to buy BEM, even if they did not use it... BEM was distributed exclusively by tax inspectors. I do not know a single accountant who would buy BEM because they wanted to'.

Similar pressure was applied with respect to Soliq Info: 'The tax office forced [us] to subscribe to the newspaper during inspections. It is true that the necessary information was published in it, but if it weren't forced, not everyone could purchase an annual subscription because of its high cost'.

Another experienced entrepreneur and tax expert confirms: 'The tax committee forced [us] to buy an annual subscription to the newspaper [Soliq Info] and buy programs [BEM] ...

They forced [us] to buy BEM especially in 2010-2011. Forced subscription to the newspaper "Soliq-Info" began even earlier'. They continue: 'The tax committee made me buy BEM and also subscribe to Soliq Info ... Well, we did what they say, otherwise, you know how it works, they won't let us work'.

It cannot be inferred that Komil Allamjonov or business executives at Soliq Info or BEM were aware that tax inspectors had been systematically harassing and coercing professionals into buying company products. Clearly though it prompts important questions: Who ordered this campaign of state coercion? What was their motivation? And, who knew about the operation?

Turning now to, Ereport Service, there is documentary evidence that it was state policy to provide this business, founded by Allamjonov, with dedicated support and marketing services. Ereport is a programme and digital platform which allowed industry professionals working in taxation and accountancy, to submit tax documents online, and receive dedicated support and feedback from public officials on the 'intricacies of applying legislation in the course of doing business', alongside a number of other digital services.³⁴ The company behind the programme is Ereport Service LLC. It shares a telephone number and street address with Avtotest Report and Pomidor Entertainment (Pomidor was recently renamed Milliy Telekanal). The former business will be scrutinized in the next section.

³⁰ 'Uzbek Tax Committee holds seminar on e-reporting', *Uz Daily*, 17 December 2013, available online: <https://www.uzdaily.uz/en/post/25956> (accessed 16 August 2019)

³¹ Nigmatova, O. 'Uz Taxes: Calculate Correctly, Report Correctly', no date, available online: www.eneews.uz/index.php?newsid=36446 (accessed 16 August 2019)

³² Forum of Accountants and Businessmen of Uzbekistan, "Forced subscription to electr. newspaper", 9 May 2013, available online: fmc.uz/forum/viewtopic.php?t=8297 (accessed 16 August 2019)

³³ Forum of Accountants and Businessmen of Uzbekistan, "Forced subscription to electr. newspaper", 9 May 2013, available online: fmc.uz/forum/viewtopic.php?t=8297 (accessed 16 August 2019)

³⁴ 'EReport - A package of services for a modern accountant', *Infocom.uz*, 1 October 2014, available online: infocom.uz/2014/10/01/ereport-kompleks-uslug-dlya-sovremennogo-buxgaltera/ (accessed 14 August 2019)

According to minutes taken at the Republican Commission for the Coordination of the Implementation of the Comprehensive Development Program of the National Information and Communication System of the Republic of Uzbekistan for 2013-2020, ‘Ereport Service Limited Liability Company has developed the domestic Ereport software (hereinafter - the Ereport software), which allows consulting services to be provided to business entities in real time on issues of presenting financial, tax, statistical and other types of reporting, taxation and accounting’.³⁵ This was based on information supplied by the Deputy Chairman of the State Tax Committee, Mr O Rustamov.

The Commission formally agreed to a proposal ‘of the State Tax Committee, the State Customs Committee, the State Statistics Committee, the State Committee for Communications, Informatization and Telecommunication Technologies and the State Commercial People’s Bank of the Republic of Uzbekistan to introduce Ereport software throughout the country on a voluntary basis’.

The meeting minutes record that the State Tax Committee, the State Committee for Statistics, and the State Commercial Bank of the Republic of Uzbekistan, agreed that within two months they would ‘develop the rules of interaction and take the necessary measures to integrate their information systems for receiving electronic reports with the Ereport software’. They also agreed to work ‘on an ongoing basis, together with interested ministries and departments to conduct wide explanatory work among all business entities and to assist Ereport Service LLC in concluding contracts for the purchase of Ereport software’.

The minutes, in effect, log a series of decisions, which indicate that government agencies agreed to calibrate their digital systems to the Ereport platform technology, giving EReport Services LLC what would appear a significant competitive edge over any potential rivals. In addition, the state also agreed to help market the Ereport software and secure contracts with customers. A copy of the standard contract accessed through an archived version of the Ereport website indicates that customers paid

300,000 soum for 12 months access to the platform. There is no mention of any other company getting similar assistance in the meeting minutes. It is also questionable whether a contract can be characterised as ‘voluntary’ where direct sales support is involved from the Karimov government, given the evidenced track record of tax officials.

Like with the BEM software, Ereport also benefited from regular seminars and workshops convened with the State Tax Committee and the Ministry of Finance where the software was demonstrated and promoted.³⁶ Ereport Service’s own website records a regular menu of co-convened events during 2015 and 2016. By this stage Allamjonov had left his post at the State Tax Committee (see Table 2).

³⁵ Meeting Minutes, Republican Commission for the Coordination of the Implementation of the Comprehensive Development Program of the National Information and Communication System of the Republic of Uzbekistan for 2013-2020, no date, available online: <http://ictcom.gov.uz/ru/activity/solutions/291/> (accessed 4 September 2019)

³⁶ See <https://web.archive.org/web/20180606182636/http://ereport.uz/%D0%BD%D0%B0%D1%88%D0%B8-%D1%81%D0%B5%D0%BC%D0%B8%D0%BD%D0%B0%D1%80%D1%8B/>

A freedom of information request was lodged with the State Tax Committee on 21 August 2019, in the required legal format as set out in the law, *On the Openness of the Activities of Public Authorities and Administration*.³⁷ The request asked for a copy of the proposal cited in the minutes taken at the Republican Commission for the Coordination of the Implementation of the Comprehensive Development Program of the National Information and Communication System of the Republic of Uzbekistan for 2013-2020. It was not responded to within the stipulated period of 15 working days. A complaint was lodged with the President’s Office on 1 October 2019. Following the complaint, a response was received from the State Tax Committee on 6 December 2019.³⁸ It states that the proposal referenced in the request had been destroyed under Article 24 of the law *On Archival Matters*.³⁹ Article 24 of the law states that records must be stored for 15 years.

Given that the requested proposal was made in, or around, 2014 it would appear that the record may have been improperly destroyed in violation of the

law *On Archival Matters*. As a result of the governmental failure to retain or provide records, as required under the aforementioned laws, it was impossible to further examine the rationale behind the notable state aid agreed to by the Republican Commission for the Coordination of the Implementation of the Comprehensive Development Program of the National Information and Communication System of the Republic of Uzbekistan for 2013-2020.

A common feature of the Soliq Info, BEM, and Ereport cases – three companies founded by Allamjonov – is that they received dedicated marketing and sales support from a number of government agencies, but principally the State Tax Committee. Most seriously, there is evidence which indicates tax inspectors coerced tax and accounting professionals into buying Soliq Info and BEM products. However, there is no evidence currently available which proves either business, or their founder, ordered the latter activity, or were aware of it.

These different forms of state support appear to have given the companies a

potentially unfair competitive advantage, and helped generate revenue streams that benefited the businesses founded by Allamjonov. For a significant period spanning from 2005 until 2013, Allamjonov acted in a number of senior roles at the State Tax Committee. In light of the benefits these companies received, it reasonably gives rise to the impression of favour being given by a powerful state organ to the private interests of a senior official.

The broad business model traced in this section, marked as it is by notable forms of state aid, would be observed again in arguably a new and heightened form, with the nationwide launch of Avtotest driver training software and education centres.

³⁷ *On the Openness of the Activities of Public Authorities and Administration*, Law of the Republic of Uzbekistan, No.ZRU-369, 5 May 2014, available online: lex.uz/docs/2381138 (accessed 8 October 2019)

³⁸ Letter from the State Taxation Committee of the Republic of Uzbekistan, to Professor Kristian Lasslett, Ulster University, 27 November 2019, 04-33967.

³⁹ *On Archival Matters*, Law of the Republic of Uzbekistan, No.ZRU-252, 15 June 2010, available online: <https://www.lex.uz/docs/1645544> (accessed 12 December 2019)

PART IV AUTOTEST + ARTIFICIAL MONOPOLIES

Launched in 2012, Avtotest bills itself as immersive and interactive driver training software, that allows driver education to occur in a practical and realistic manner. The company, Avtotest Report, was founded by Komil Allamjonov.⁴⁰ Its shares were held by Bobir Alimbabayev when the state register was originally checked on 16 August 2019, an individual who also legally held the shares in Pomidor Entertainment. A subsequent check of the register on 26 April 2020 records that the shares in Pomidor Entertainment (renamed Milliy Telekanal) had been transferred to Komil Allamjonov. By this stage Allamjonov had stepped down from his post as head of the government's media regulator. Alimbabayev remained the sole legal shareholder of Avtotest Report when the register was checked on 26 April 2020. There is a Facebook page for an individual by the name of Bobur Alimbabayev, who claims to be an employee of Soliq Info.⁴¹

Authorship over a significant number of patented technologies registered by Avtotest Report, are attributed to Komil Allamjonov.⁴² Patent filings submitted on 16 of May 2017, listed Allamjonov as the General Director of Avtotest Report.⁴³

Following a period of program testing, Avtotest received a significant commercial boost in the form of a decree signed off by the then Prime Minister, Shavkat Mirziyoyev in 2015. Article 2 of the decree states:

'In order to further improve the educational process and introduce modern training methods in the system of training and retraining drivers of motor vehicles and urban electric vehicles in the Republic of Uzbekistan, the Cabinet of Ministers decides ... to agree with the proposals of the Ministry of Internal Affairs of the Republic of Uzbekistan: on the provision by Avtotest Report LLC and organizations in whose authorized capital of not less than 51 percent of the shares (shares) are owned by Avtotest Report LLC, the right to carry out activities in the Republic of Uzbekistan on the training and retraining of drivers of motor vehicles and urban electric vehicles'.⁴⁴

⁴⁰ 'Uzbekistan forever: How to create a business without a start-up investment?', *Forbes*, 20 June 2014, available online: https://webcache.googleusercontent.com/search?q=cache:wM2L_y9s5zcJ:https://news.rambler.ru/world/25635230

⁴¹ See <https://www.facebook.com/people/Бобур-Алимбабаев/100008248812294>

⁴² See patents number 02649, 02806, 02857, 04488, 05253, 05228, 05236, 05237, 05229, and 05543, available from the Intellectual Property Agency register: <http://baza.ima.uz/>

⁴³ See patent number 04488.

⁴⁴ *On Measures to Improve the Educational Process and Introduce Modern Training Methods in the Training and Retraining System for Drivers of Motor Vehicles and Urban Electric Vehicles in the Republic of Uzbekistan*, Cabinet of Ministers of the Republic of Uzbekistan Decree, No.106, 30 April 2015, available online: www.lex.uz/ru/docs/2637728?ONDATE=04.05.2015%2000#2637774 (accessed 5 September 2019)

For readers of the Power Brief series the language of the decree will be familiar. It grants a significant economic privilege to a private entity on the basis of a proposal initiated by the Ministry of Internal Affairs, rather than an open and transparent process in which all market actors have access to on fair and equal terms. A freedom of information submission was made on 21 August 2019 to the Ministry of Internal Affairs, requesting a copy of the proposal. No response was received. A complaint was submitted to the Office of the President on 1 October 2019, regarding the Ministry's failure to meet the requirements of the law on the openness of government activities. No response was received.

Article 3 of the 2015 decree relating to Avtotest states: 'The Council of Ministers of the Republic of Karakalpakstan and the regional khokimiyats, upon request by Avtotest Report LLC, within a month to ensure the provision of free land in areas adjacent to regional centres with an area of at least 3 hectares for the construction of educational complexes'. The decree does not state whether Avtotest will be expected to pay annual rent for the land or any other access fee.

Then in September 2017 Avtotest was controversially granted a guaranteed market and monopoly, after a decree was passed – signed off by the current Prime Minister Abdulla Aripov – which forced legal entities with a car to undergo driving training every two years, using an Avtotest Education Complex. The Cabinet of Ministers decree again enacts a 'proposal of the Ministry of Internal Affairs of the Republic of Uzbekistan on the establishment from 1 January 2018 the procedure under which those who govern motor vehicles owned by legal entities (hereinafter — drivers) are required to undergo refresher training once in two years'.⁴⁵ The decree also amends Article 2 of the 2015 decree cited above, so that it awards Avtotest the 'exclusive right to carry out in the Republic of Uzbekistan activities to improve the skills of persons (drivers) who drive vehicles owned by legal entities'.

However, this formal attempt by the state to create a guaranteed monopoly market for one business, founded and led by Komil Allamjonov who was shortly after made Press Secretary to the President in December 2017, just before Avtotest's market monopoly was to come into force, created

sufficient public outcry that there was a rare backdown by government. The September 2017 decree was revised. In new provisions driver education and training licenses are opened up to the market, so any firm who can meet a certain standard can apply, while Avtotest's exclusive right to train drivers of legal entities has been revised.

Nevertheless, in August 2019 the state anti-monopoly committee reported that no other company besides Avtotest and its subsidiaries had been issued a license to deliver advanced driver training to drivers of cars owned by legal entities.⁴⁶ It would appear that despite the legal revisions, Avtotest continued in 2019 to operate as an effective monopoly in a particular market where certain consumers by law must avail of the service or face financial penalties.

PART V

A CONTRACT WITHOUT TENDER + NO INVESTOR RISK:

GID SYSTEMS TASHKENT

⁴⁵ On Further Improvements to the Training and Retraining System, as Well as Advanced Training of Drivers Through the Introduction of Innovative Training Methods, Cabinet of Ministers of the Republic of Uzbekistan Decree, No.693, 4 September 2017, available online: <http://www.lex.uz/ru/docs/3332573?ONDATE=11.09.2017%2000#3332718> (accessed 5 September 2019)

⁴⁶ Anti-Monopoly Committee of the Republic of Uzbekistan, 'Improving the qualifications of drivers: Clarification of the Antimonopoly Committee', 7 August 2019, available online: <https://antimon.gov.uz/povyshenie-kvalifikacii-voditelej-razjasnenie-antimonopolnogo-komiteta/> (accessed 10 September 2019)

On 6 March 2020 Radio Ozodlik published an exposé.⁴⁷ It revealed that a potentially controversial Cabinet of Ministers' resolution, had been omitted from the public facing national legal database lex.uz. The resolution awards, without tender, a major public project to the foreign owned company, GID Systems Tashkent LLC. Radio Ozodlik claims under the resolution GID Systems Tashkent is charged with responsibility for overseeing the conversion of paper cadastral passports, which contain technical and ownership information for real property, into plastic smartcards.

A copy of the resolution was obtained by the authors. The Cabinet of Ministers' decree is dated 19 February 2020, and is numbered 101. Cabinet of Ministers' resolutions 100 and 102, both passed on the same day are publicly available via the government legal database. As Radio Ozodlik reported, decree 101 is not listed on Lex.uz.

The decree states that the 'foreign company' GID Systems Tashkent LLC has been granted the right to exclusively implement a cadastral passport conversion project, in return for an investment of US\$20 million.⁴⁸ The decree declares that the foreign company will design and install the technology and associated equipment, train government employees in its usage, and help maintain the equipment.

It then notes that 'the State Committee for Land Resources, Geodesy, Cartography and State Cadastre of the Republic of Uzbekistan shall be allowed to conclude a contract (hereinafter referred to as a contract), as an exception, without conducting tenders, through direct negotiations with the investor [GID Systems Tashkent] for a period of 5 years'.

In return for delivering this new smartcard system for cadastral passports over the proposed contract's five year period, the foreign investor, GID Systems Tashkent, will receive '18% of the established value of public services for the preparation of cadastral work and registration of cadastral documents for real estate provided during the term of the contract'. It appears from the wording that GID Systems Tashkent will collect 18% of the fees charged to the public for registering their property through this new smartcard based cadastral system over the proposed five year period.

If the foreign investor fails to recover their 'expenses' through this arrangement – no definition is provided of what may be considered acceptable 'expenses' – the Cabinet of Ministers' resolution confirms GID Systems Tashkent will have its expenses covered by the Fund of Land Relations and State Cadastre Development of the State Committee for Land Resources, Geodesy, Cartography and State Cadastre. In effect, this provision appears to guarantee that this is a zero investor risk investment for GID Systems Tashkent, which it has been awarded without tender.

Therefore, in summary, on the basis of the provisions in this decree it would seem GID Systems Tashkent has been given, without tender, an 18% stake in a publicly provided service which real property owners must avail of by law, for a proposed period of five years. If this stake fails to cover the company's expenses over this five year period, the state has promised to cover the shortfall.

Identifying the ultimate shareholders of GID Systems Tashkent is currently impossible based off publicly accessible records. GID Systems Tashkent is owned by GID FZE, a company incorporated in the UAE's Hamriyah free economic zone, where share registers are not available for public inspection. However, new information uncovered for this report indicates Komil Allamjonov is closely tied to the GID group.

This investigation revealed that the UAE company, GID FZE, has two fully owned subsidiaries in Uzbekistan, GID Systems Tashkent and GID Tashkent.⁴⁹ Inspection of registered patents in Uzbekistan kept by the Intellectual Property Agency reveals that GID Tashkent was granted a patent for 'GID Smart Card Tools' in 2018.⁵⁰ The patent application submitted by GID Tashkent declares

that Komil Allamjonov is the author of this software based tool.

Further registered corporate details tie GID into a network of companies Allamjonov claims to have founded. For example, GID Systems Tashkent and GID Tashkent share a registered telephone number with Ereport Service, Avtotest Report, and Pomidor Entertainment (Pomidor Entertainment is now known as Milliy Telekanal). This detail appears on their respective company extracts maintained on the government's register for legal entities.⁵¹ A fax number supplied to Uzbekistan's Intellectual Property Agency by GID Tashkent, is also listed online as the fax number for Avtotest Report and Ereport.⁵² Finally, GID Tashkent, Milliy Telekanal and Ereport Service have a shared registered street address.

⁴⁷ 'Investigation: Issuance of new cadastral passport to all real estate in Uzbekistan was given to a dubious company without tender', *Radio Ozodlik*, 6 March 2020, available online: <https://www.ozodlik.org/a/kadastr-pasporti-gid-systems-tashkent-abdulla-aripov/30472469.html> (accessed 7 March 2020)

⁴⁸ *On measures to organize the preparatory work of a new sample cadastral passport for real estate objects*, Cabinet of Ministers of the Republic of Uzbekistan Decree, No.101, 19 February 2020.

⁴⁹ GID Systems Tashkent LLC, Company Extract, Reg No.719377, Unified Portal of Interactive Public Services, accessed 26 April 2020; GID Tashkent LLC, Company Extract, Reg No.11808-04, Unified Portal of Interactive Public Services, accessed 26 April 2020.

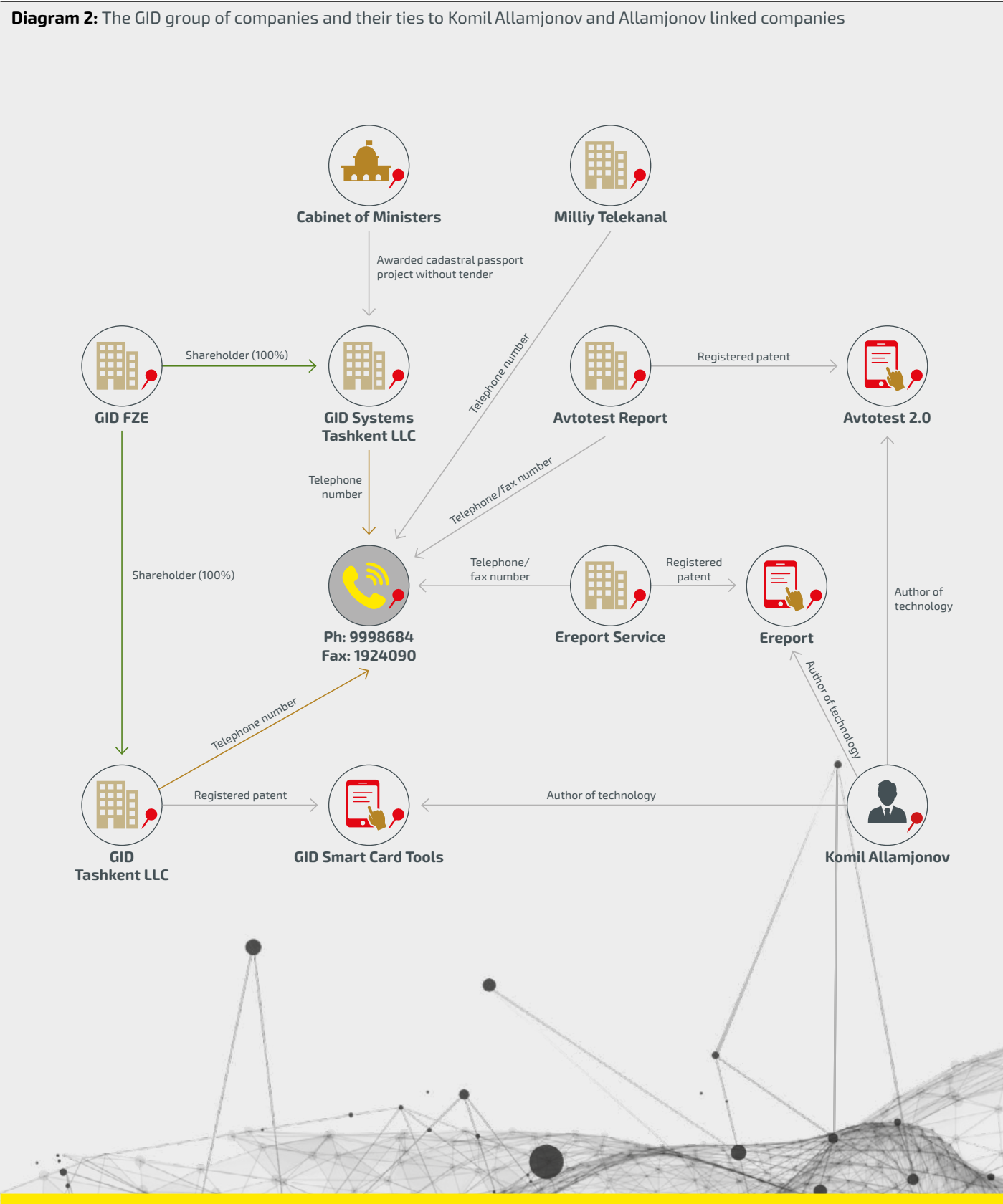
⁵⁰ See patent number 05376, available online via the Intellectual Property Agency register, baza.ima.uz

⁵¹ Ereport Service LLC, Company Extract, Reg No.18563, Unified Portal of Interactive Public Services, accessed 8 June 2019; Avtotest Report LLC, Company Extract, Reg No.005983-03, Unified Portal of Interactive Public Services, accessed 8 June 2019; Pomidor Entertainment LLC, Company Extract, Reg No.9191-04, Unified Portal of Interactive Public Services, accessed 8 June 2019.

⁵² See <http://mg.uz/org/117195> and <https://web.archive.org/web/20190121204152/http://ereport.uz/%D0%BD%D0%BE%D0%B2%D0%BE%D1%81%D1%82%D0%B8/%D0%B2%D1%8B%D0%BF%D0%B8%D1%81%D0%BA%D0%B0-%D1%81%D0%BE-%D1%81%D1%87%D0%B5%D1%82%D0%B0-%D0%B8%D0%BD-%D0%BF%D1%81-%E2%80%93%D1%87%D0%B5%D1%80%D0%B5%D0%B7-%D0%B5%D0%BF%D0%B8%D0%B3%D1%83.html>

These details extracted from the patent register, and corporate register, indicate there are a number of direct ties between companies founded by Allamjonov, and GID Tashkent. In addition, the smartcard technology patent filed by GID Tashkent claims Allamjonov is the software author. GID Tashkent is a fully owned subsidiary of the UAE based GID FZE, which is also the owner of GID Systems Tashkent. GID Systems Tashkent was awarded responsibility for the cadastral passport conversion project using smartcard technology, in a Cabinet of Ministers' decree that was not published on the government's online legal database. This project was awarded without tender, and gives the investor significant benefits, including indemnity against loss. In light of examples covered in the above report sections, this raises the question of whether a venture tied to Allamjonov has benefited from anti-competitive and opaque state practices. Allamjonov did not respond to requests for comment on this arrangement.

Diagram 2: The GID group of companies and their ties to Komil Allamjonov and Allamjonov linked companies



PART VI

REPORT RECOMMENDATIONS

The case study presented in this Power Brief, indicates that a number of businesses founded by Komil Allamjonov, benefited from dedicated sales and marketing support provided in most instances on an exclusive basis by powerful state organs including the State Tax Committee and the Ministry of Finance. This accelerated to the point where tax inspectors were coercing consumers into buying subscriptions to Soliq Info and BEM. However, it cannot be proven Allamjonov or company management were aware of the latter abuses.

In addition, Cabinet of Ministers' decrees, and decisions by the public administration, delivered to businesses founded by Allamjonov certain exclusive rights, including in the case of Avtotest a period where the law required that a certain group of consumers (legal entities with a car) select their service on an exclusive basis. New evidence from 2020 indicates Allamjonov is also tied to the GID group, which has benefited from an exclusive arrangement, indemnifying the investor against risk, which was awarded by government without tender. Concerningly in the latter case, the Cabinet of Ministers' decree does not appear to have been published on lex.uz.

These cases as a whole all point to examples of businesses obtaining competitive advantages over market rivals, through the selective provision of state aid.

There is also evidence that this selective provision of state aid was provided in scenarios where there were potential conflicts of interest at play. For example, businesses such as Soliq Info, BEM and Ereport, emerged and benefited from State Tax Committee support at a time when Allamjonov was a senior official representing the government tax body. Additionally, privileges provided to Avtotest, were awarded shortly before Allamjonov assumed the post of Press Secretary to the President, while the exclusive arrangement struck with the GID group, took place shortly after Allamjonov stepped down as Director of the Agency for Information and Mass Communications.

When attempts were made to access administrative documents pertaining to some of these arrangements, the State Tax Committee claims the records had been destroyed, while the Ministry of Internal Affairs did not respond. The former noted actions that appear to be in violation of the law *On Archival Matters*. Attempt to obtain comment from Komil Allamjonov were initially welcomed. Following submission of the draft report, Allamjonov has not responded to the authors, despite several follow up requests.

The facts presented in this case study, echo a broader set of themes emerging from recent investigative inquiries conducted in Uzbekistan. Namely, commercially significant privileges are being awarded by the state to businesses founded by senior government figures, or closely linked businesspeople, under closed, opaque conditions. These practices threaten to reduce investor confidence, constrain market activity, block entrepreneurship, diminish economic growth, and frustrate the rights of workers and consumers. Concerningly, key beneficiaries of such practices have been businesses founded by Komil Allamjonov, a prominent national figure who has had significant influence on the current reform process in Uzbekistan, both through public and civic roles.

These findings point to the ongoing need for greater public policy attention, and action, focused on reforming the public and corporate governance environment in Uzbekistan, in ways that guard against anti-competitive practices, conflicts of interest, and more generally, corruption.⁵³

KEY STEPS

Enacting tangible reforms that draw on international best practice offers Uzbekistan the opportunity to grow a frontier economy that is not only dynamic and secure, but well governed with a premium placed on fairness, competition, transparency and human rights. Key steps in this reform process include the following recommendations, which are premised on a broader principle of reducing the opportunity structure for improper practices, and increasing the risk of detection where improper practices do occur.

- I. Remove the provision of state support or aid through opaque proposals formulated by government or private entities, or other similar closed mechanisms. State aid should be provided in a strategic and open manner, with a clear rationale and processes for its provision that does not give unfair advantage to any particular entity.
- II. Open up all goods and services contracts administrated by the state, and other cognate opportunities, to open and transparent competition.
- III. Reform Uzbekistan's company law to strengthen corporate governance and the public reporting requirements for limited liability companies, ensuring public access to key filings related to shareholdings, beneficial owners, company officers, annual reports, balance sheets, and audit reports.
- IV. Commission a public online register of legal entities that includes current and historical filings relating to shareholders, senior company officers, annual reports, balance sheets and audit reports, complimented by public information on beneficial owners and persons with significant control.
- V. Publish *all* public tender documents in an open register fully available online, which is complete and accurate.
- VI. Introduce rigorous procedures for managing conflicts of interest, and censuring officials who fail to conform with existing prohibitions on undeclared conflicts of interest.
- VII. Enforce freedom of information requirements, to ensure civil society is able to add an extra layer of independent accountability.
- VIII. Train government departments on the law relating to record retention, with regular audits to ensure compliance with legislated record retention requirements.
- IX. Employ enhanced due diligence to ensure all successful candidates for senior state positions conform with the anti-corruption and ethical values the government of Uzbekistan has now committed to.
- X. Establish a public register of financial interests, where all senior public officials and elected members of parliament, submit annually their private sector activity and interests.
- XI. Ensure the independence, and resource base, of oversight institutions such as the anti-monopoly committee and the newly established anti-corruption agency.

⁵³ OECD (2019) *Anti-Corruption Reforms in Uzbekistan: 4th Round of Monitoring of the Istanbul Anti-Corruption Plan*, available online: https://www.oecd.org/corruption/acn/OECD-ACN-Uzbekistan-4th-Round_Monitoring-Report-2019-ENG.pdf (accessed 5 September 2019)

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About

UzInvestigations is a civic initiative administered by Ulster University in partnership with the Uzbek Forum for Human Rights. Drawing on data science, investigative methodologies, and digital analytics, UzInvestigations aims to publish resources and analysis that help to forensically scrutinise corporate and government power in Uzbekistan. Our aim is to promote transparency, good governance, human rights, and civic engagement.

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